

Agency Name and Address:

Louisiana Citizens Property Insurance Corporation
Post Office Box 60730
New Orleans, Louisiana 70160

Physical Address:
1 Galleria Boulevard, Suite 720
Metairie, Louisiana 70001

www.lacitizens.com

Solicitation Number: 15-7453

Type of Engagement: Audit

Contract Period: January 1, 2016 - June 30, 2018

Periods to be Examined: Years ending December 31, 2015; December 31, 2016;
and December 31, 2017

Description of the Discretely Presented Component Unit of the State:

- Louisiana Citizens Property Insurance Corporation (Citizens) was created as a nonprofit corporation in accordance with provisions of Louisiana Revised Statute 22:2293 to operate insurance plans which provide property insurance for residential and commercial property, solely for applicants who in good faith are entitled, but are unable, to procure insurance through the voluntary market. Citizens operates residual market insurance programs throughout Louisiana, designated as the Coastal Plan and the Fair Access to Insurance Requirements (FAIR) Plan. The Coastal Plan is for property insurance written on locations between the Gulf of Mexico and the Intracoastal Waterway and the FAIR Plan is for property insurance above the Intracoastal Waterway.
- Citizens is governed by a board of directors consisting of 15 members, who serve without compensation. Board members are reimbursed for travel expenses in accordance with state travel regulations. The board meets at least six times per year. At each meeting, the board reviews available financial information. The board has an audit committee.
- Citizens has 75 unclassified employees, including 15 accounting staff.
- Citizens holds cash in interest bearing checking accounts. Investments are held in trust by the bond trustee for the 2006 Assessment Revenue Bonds.
- Citizens has four bank accounts. There is a bank account dedicated to payroll, a bank account dedicated to claim disbursements, a bank account dedicated to the Coastal Plan, and a bank account dedicated to the FAIR Plan. Approximately 6,000 checks are written each month. The majority of the checks written are for claim payments. Other checks are written for agents' commissions, return premiums, local expenses, and vendor payments. Two signatures are required on checks. The Chief Executive Officer, Chief Financial Officer, Chief Information Officer, and the General Counsel/Chief Administrative Officer are authorized to sign checks. Supporting documentation is provided to the individuals signing the check.

- Operations of Citizens are funded by premiums assessed on related insurance policies written in the state. The following activity/balances were reported as of and for the year ended December 31, 2014 (GAAP basis):

Total Assets	\$307,137,617
Total Liabilities	\$926,730,982
Operating Revenues	\$117,649,162
Operating Expenses	\$139,738,578
Nonoperating Revenues	\$61,083,229

Accounting System: Automated

Financial Statements: Citizens will provide an income statement, balance sheet, statement of cash flows, and trial balance. Citizens will prepare the Division of Administration, Office of Statewide Accounting and Reporting Policy's Annual Fiscal Report (AFR) packet for each period. The AFR packet will be included in each report as supplementary information.

Estimated Start of Fieldwork: No later than April 15 following each period

Engagement Completion Date: No later than June 1 following each period for the audit report on statements prepared in accordance with accounting practices prescribed or permitted by the Louisiana Department of Insurance; and no later than June 30 following each period for the audit report on the business-type activity statements prepared in accordance with GAAP

Special Requirements:

- The successful ICPA will assist Citizens in compiling the financial statements in accordance with GAAP, to include appropriate note disclosures, for each period.
- The successful ICPA will issue an audit report on the business-type activities financial statements prepared in accordance with GAAP on the combined financial information of the Coastal Plan, the FAIR plan, and Citizens' operations for each period. The AFR packet will be included in each report as supplementary information.
- The successful ICPA will also issue an audit report on statutory statements prepared in accordance with accounting practices prescribed or permitted by the Louisiana Department of Insurance for each period in accordance with instructions issued by the National Association of Insurance Commissioners.

Special Notes:

- The Legislative Auditor reserves the right to review the workpapers of the successful ICPA at any time during the course of and up to five years after completion of the engagement.

State Agency Assistance:

- Citizens will provide supporting schedules as required.

Last Engagement: Audit as of and for the year ended December 31, 2014

Results of Last Engagement: Unmodified opinion, management letter comment on Citizens not having a formally documented disaster recovery plan

Prior Auditor: Carr, Riggs & Ingram, LLC
4330 Dumaine Street
New Orleans, Louisiana 70119

Prior Engagement Fee: \$109,800 (approximately 725 hours)

Proposers' Conference: A proposers' conference will **not** be held.

Proposal Due Date and Time: Friday, January 29, 2016; 5:00 p.m.

Questions May be Directed to: Becky Ewing
Louisiana Legislative Auditor
(225) 336-6081
beewing@lla.la.gov

Mr. Vijay Ramachandran , Interim CEO
Louisiana Citizens Property Insurance Corporation
(504) 831-6930 ext. 1306
vramachandran@lacityzens.com